GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3155
ANSWERED ON:10.08.2001
FOREIGN DIRECT INVESTMENT POLICY
RAMSHETH THAKUR

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of Government`s policy in regard to Foreign Direct Investment in the country;

(b) the details of sectors which have been opened for FDI, till date alongwith the percentage of FDI sanctioned for each sector;

(c) the details of sectors, which have not been opened for FDI till date;

(d) the details of sectors, which are under consideration of the Government for opening them for FDI; and

(e) the time by which decision on these sectors is likely to be taken?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) & (b) : Foreign direct investment is encouraged to supplement Government`s effort in domestic investment. Government has already put in place a transparent, dynamic and investor friendly FDI Policy thereby placing almost all activities under the automatic route for FDI up to 100%. The detailed guidelines, including terms and conditions of foreign direct investment (FDI), are duly notified by the Government from time to time. Based on these notifications the FDI policy and procedures are also published in the form of a Manual for the convenience of investors. The Reserve Bank of India in exercise of powers conferred on it by Foreign Exchange Management Act, 1999 (FEMA) has framed and notified the rules and regulations governing foreign direct investment. As part of the progressive liberalisation of the FDI regime, most activities have been placed on the automatic route under which the investing company only has to notify RBI within 30 days of inward remittance of funds as also issuance of shares.

(c) As per the extant policy FDI is not being permitted in the sectors of Agriculture and plantation), print media, atomic energy, railway transport, legal service, retail trade and real estate business.

(d) & (e) : FDI policy liberalisation is an ongoing and consultative process involving consultations among various Departments and Ministries of the Government based on the sector specific requirements for FDI. Government have set up a Group of Ministers on FDI, which periodically reviews the FDI Policy, considers proposals for further liberalisation of the FDI regime, and recommends policy changes for the approval of the Cabinet.